

CITY OF MIAMI BEACH
Office of the City Manager
Letter to Commission No. _____



263-2004

To: Mayor David Dermer and
Members of the City Commission

Date: October 7, 2004

From: Jorge M. Gonzalez
City Manager

A handwritten signature in dark ink, appearing to read "Jorge".

Subject: 41ST STREET BRIDGE RENOVATION PROJECT

A Master Plan for the beautification of the entire right-of-way of 41st Street was prepared by Curtis and Rogers Design Studio, Inc., and Savino and Miller Design Studio in September 1995, following an extensive community planning process. On May 1, 1996, the Mayor and City Commission adopted a resolution appropriating \$5 million for the 41st Street Beautification Project. At that time, it was anticipated that the City would obtain a loan to complete the project from a local bank, pledging 50% of the annual allocation for Middle Beach from the 1% Resort Tax. These funds were expected to be sufficient to repay the loan, with interest, over a 6 year term.

On June 4, 1997, the Mayor and City Commission, following a selection process, approved a professional services Agreement with Consul-Tech Engineering, Inc. (CTE), in the amount of \$413,222, for the design and construction administration of the project to renovate and beautify the Right-of-Way of 41st Street from Alton Road to Collins Avenue. This Agreement anticipated that the complete renovation of the 41st Street right-of-way would be undertaken, in a 5-phase project, with a total project budget of \$5 million. The originally proposed five phases consisted of the following improvements:

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| Phase I | Landscaping, irrigation & replacement of pavers on both sides of 41 st Street |
| Phase II | Medians with irrigation, up-lighting and landscaping on 41 st Street. |
| Phase III | Improvement of Indian Creek and Biscayne Waterway bridges. |
| Phase IV | Improvement of side streets with lighting, landscaping and irrigation. |
| Phase V | Improvement of 40 th and 42 nd Streets, landscaping and repaving. |

Subsequently, it was determined that collections from the Resort Tax were insufficient to fund the anticipated debt service on the proposed \$5 million loan, and the full proposed scope of the project was not considered feasible. Therefore, the scope of work was revised. On March 12, 1998, the Finance and Citywide Projects Committee recommended that only Phase I and Phase II of the originally planned 5 phases of the project be undertaken, at an estimated cost of \$1,727,250. Following this reduction in scope, the Agreement with CTE was renegotiated to a level commensurate with the reduced project scope. The required design work was completed, and the construction of the reduced scope streetscape project, including the revised landscaping, irrigation, median construction, and paver installation along 41st Street from Alton Road to Pine Tree Drive, this work was completed in 2001.

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While renovation of the Biscayne Waterway and Indian Creek bridges was a part of the original Master Plan as Phase III, it was removed from the project scope in March of 1998. However, since the completion of the reduced scope 41st Street Beautification Project, members of the 41st Street Merchants Association have continued to request that the bridge renovation portion of the project be done, because they consider that the lack of a finished look on the bridges makes the street appear incomplete.

In July of 2000, CTE was authorized to undertake the design of the bridge renovations with a target budget of \$600,000. Their design was completed and approved by FDOT in 2002. A condition established by FDOT of the approval is that construction activities must be accomplished between April 15th and November 15th. This requirement was imposed to avoid impacting traffic flow during the peak tourist months.

At the time the design work was completed, the bridge renovation project could not be undertaken due to the lack of sufficient funding. In FY 2003-04, a source of funding was identified, sufficient to meet the construction cost estimate prepared by the consulting engineers and an Invitation to Bid was issued by the Procurement Department on March 15, 2004.

On the bid closing date, April 20, 2004, a single bid was received for the project in the amount of \$969,845, from Ric-Man International, Inc. Since this bid is substantially in excess of the Consultant's construction cost estimate of \$621,467, and the available budget allocation of \$622,961, the Administration is not able to recommend that a contract be awarded.

In an effort to bring the project within the available budget, the Administration met with the sole bidder to review possible value engineering changes that might reduce the construction cost. Some cost reducing suggestions were identified; such as: using a different type of railing, using alternate vendors for the light fixtures, ceramic tile and pavers, however, these were not sufficient to bring the project costs down materially. As a result of these meetings, the contractor was also asked to provide a price for constructing each of the bridges separately.

The sole bidder was asked to prepare a proposal to renovate the Indian Creek Bridge this year, and to complete the Biscayne Waterway Bridge next year. The contractor proposed a price that would lock in the cost for both bridges at today's prices. The proposal quoted the price for the Indian Creek Bridge at \$786,000, and the price for the Biscayne Waterway Bridge at \$243,000, provided construction on the second bridge could begin within 9 months of the first. The construction cost of both would total: \$1,029,000. Adding Construction Administration and contingency, a budget of \$1.29 Million would be required, an increase of \$668,000 over the existing allocation.

In order to determine if the bid price received was valid, and in an attempt to locate a less expensive alternative, a JOC contractor was requested to price the project. The proposal received from the JOC contractor was \$1.18 Million, a price even higher than that received from the bidder. Receipt of this high price at least validated the bid price as being in a market range, and cast doubt on the Consultant's estimate of \$621,467.

The City's Agreement with CTE was entered in 1997 and does not include a provision to require the consultant to redesign the project to meet the actual construction cost, as newer agreements do. The Consultant has been asked to provide a price proposal for the Additional Services necessary to perform a value engineering review, to propose approaches that may lower the construction cost of the project. CTE is preparing a proposal for services, in the interim, they provided these recommendations: Reject the bid received and re-advertise the project with more notice, making a strong effort to generate interest in bidding among as many contractors as possible, and repackage the project by dividing it into two parts with one bridge in each part.

Staff has evaluated the options and recommend the following, in order of preference:

- 1 **Follow the consultant's recommendation.** Reject the bid, re-advertise the project aggressively, and request separate prices for each bridge. This may encourage competition among competitive bidders, and would possibly give the City the option of improving one bridge with available funding. The down side to this option is that it will take an additional two to three months to re-advertise and re-bid the project before the outcome is known, and there is no guarantee that a more competitive price will be obtained
2. **Improve both bridges using the current sole bidder.** If sufficient additional funds can be identified, the City can proceed with the bidder to undertake the work at the bid price of \$969,845, less the value engineering items identified and agreed upon. Additional funds of \$551,251 will be required.
3. **Appropriate additional funding to improve the Indian Creek Bridge only.** CIP has not obtained a price for this option alone, however based on the price given for separating the bridges above, the Indian Creek Bridge alone would require additional funding of approximately \$321,124, if the sole bidder is willing to honor it.
4. **Appropriate additional funding to improve one bridge now, the other one next year.** CIP requested the bidder to prepare a proposal to renovate the Indian Creek Bridge this year, and the Biscayne Waterway Bridge next year, locking in the cost for both bridges at today's price. The price for the Indian Creek Bridge is: \$786,000, the price for the renovation of the Biscayne Waterway Bridge beginning within 9 months of the NTP on the Indian Creek Bridge is \$243,000, for a total construction cost of \$1,029,000. Adding Construction Administration and contingency, the City would need \$1.247 Million, an increase of \$625,298 over the existing allocation.

Recommendation: Staff recommends that the City reject the existing bid, re-advertise aggressively, and reissue the invitation to bid the project. It should be noted that additional funding will be needed for this project, to offset the cost of additional consulting services, to provide a contingency reserve, for construction administration and to provide for an additional cost increment over the original budget allocation. Staff intends to move forward with this option and place it on an upcoming Commission Agenda for your consideration.

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